

EXHIBIT S

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

In re: Federal Mogul Global, et al.,
Debtors.

THE OFFICIAL COMMITTEE OF
ASBESTOS CLAIMANTS and ERIC D.
GREEN, as the LEGAL
REPRESENTATIVE FOR FUTURE
ASBESTOS CLAIMANTS,

Chapter 11
Jointly Administered
Bankruptcy
No. 01-10578 (RTL)

Case No. 05-00059 (JHR)

Plaintiff,

-vs-

ASBESTOS PROPERTY DAMAGE
COMMITTEE,

Defendant.

Mitchell H. Cohen United States Courthouse
One John F. Gerry Plaza
Camden, New Jersey 08101
JUNE 14, 2005

B E F O R E: THE HONORABLE JOSEPH H. RODRIGUEZ
UNITED STATES DISTRICT JUDGE

A P P E A R A N C E S:

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KATHLEEN J. CAMPBELL, ESQUIRE

-and-

CAPLIN & DRYSDALE, CHARTERED
BY: ELIHU INSELBUCH, ESQUIRE

-and-

United States District Court
Camden, New Jersey

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United States District Court
Camden, New Jersey

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1
2 THE COURT: You may be, seated. Good morning. Are we
3 giving things away free today?

4 Counsel, we're here on the record in the matter of In
5 re: Federal-Mogul, which is a Delaware-designated case under
6 05-59. May we have the appearances for the record.

7 MR. INSELBUCH: Your Honor, Elihu Inselbuch from
8 Caplin and Drysdale, with my partner Nathan Finch,
9 representing the Asbestos Creditors Committee.

10 THE COURT: Good morning.

11 MR. KESSLER: Good morning, your Honor. Michael
12 Kessler from Weil, Gotshal and Manges, with my colleagues Adam
13 Strochak and Peter Friedman representing the Property Damage
14 Committee.

15 MR. BISSELL: Good morning, your Honor, Rolin Bissell
16 from Young, Conaway, Stargatt and Taylor representing the
17 Futures Representative, with me is my colleague Maribeth
18 Minella.

19 MS. GRAHAM: Good morning, your Honor, my name is
20 Danielle Graham, I'm with Caplin and Drysdale and I also
21 represent the asbestos claimants.

22 THE COURT: Well, counsel, I think then we're ready
23 to proceed. Would it be your intention to make a brief opening
24 statement?

25 MR. INSELBUCH: It would be, your Honor.

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1 THE COURT: All right.

2 MR. INSELBUCH: Good morning. Once again, I'm Elihu
3 Inselbuch from Caplin and Drysdale and with Mr. Finch and with
4 Mr. Bissell, we'll be representing the proponents here, the
5 Asbestos Creditors Committee and the Futures Representatives.
6 The Property Damage Committee is present and participating.

7 I should mention just in passing that there are many,
8 many other parties to these proceedings who, although they are
9 well aware of this particular hearing, have chosen, for one
10 reason or another, not to appear. They include many of the
11 competing constituencies both in the United States and in the
12 United Kingdom, the Pension Creditors in England, the
13 Administrator in England, the Debtor, the Unsecured Creditors
14 Committee, the Secured Creditors and the Equity Committee in
15 this proceeding. They're all on notice of these proceedings
16 and, for whatever reason they, are not participating.

17 Why are we here? The mere fact that we have a
18 Futures Representative speaks loudly to the need to do an
19 estimation hearing. 502(c) of the Code says that we should
20 estimate, a Court should estimate claims where their
21 liquidation would unduly delay confirmation of a plan. We
22 have pending 130,000 asbestos personal injury claims and
23 because of the insidious length of the period during which
24 claims manifest themselves for asbestos disease, it is
25 anticipated that there will be hundreds of thousands more

1 claims yet to come. Obviously, these claims cannot be
2 liquidated in any normal fashion, one by one, and the future
3 claims couldn't be liquidated at all because we wouldn't know
4 who they are. So for that reason, it's almost imperative that
5 we estimate for the purpose of plan confirmation purposes what
6 the size of these claims are as best we can so that we can
7 allocate the resources of these various debtors among the
8 various constituencies, which include other claimants than the
9 asbestos personal injury constituency.

10 There is no great mystery any longer about how we're
11 supposed to do this, a lot of courts have done it before. And
12 basically Judge Fullam said recently in Owens-Corning that the
13 claims being valued here arise under state law and, hence,
14 state law determines their validity and value. They are
15 valued as of the petition date. And he said, and I quote,
16 "This necessarily means that the claims ought to be appraised
17 on the basis of what would have been a fair resolution of the
18 claims in the absence of bankruptcy."

19 So, we're looking at the asbestos personal injury
20 claims as of the petition date, the claims on hand as of that
21 time, what those claims would have been worth in the tort
22 system and the claims that will arise in the future.

23 Because Federal-Mogul is the parent of a very large
24 English subsidiary Turner & Newall and because Turner & Newall
25 itself was a tort-feasor and is responsible for many, many

1 hundreds of thousands of the claims that are pending here, we
2 have a cross border need we have a cross border issue and the
3 need to understand how these very same claims against turn and
4 newly would be valued in the United Kingdom or in England in
5 particular. Because there are constituents in England that
6 have claims against Turner & Newall that are not in the United
7 States and because we have a paralegal administration in
8 England the court in England will ultimately have to decide
9 how you allocate the Turner & Newall assets that are in
10 England as among the various constituencies.

11 With that in mind, although this Court in the United
12 States can't bind the English Court anymore than the English
13 Court could bind this Court, it is our belief that if we have
14 a proper foundation in what the English law is so that we
15 understand how the English Court would go about estimating
16 these very same claims, we can ensure here that we produce a
17 record of what all the facts are that would be necessary both
18 for this Court and for that Court to do the estimation so
19 there would be no need to do this more than once.

20 Having said that, how do we go about doing
21 estimation? When you estimate anything, what you would do as
22 a matter of logic, you would compare the thing you have no
23 value for to something that you know the value of that looks a
24 lot like it. And in our case, we have that in the settlement
25 history over 25 years that Turner & Newall went through and

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1 resolved 250,000 odd claims, whether in trial, in settlement
2 across the table. What that settlement history shows is how
3 in the tort system willing plaintiffs and a willing defendant
4 resolved their controversies in a fair environment over a long
5 period. And that history provides us with the best evidence
6 that we think we can present to this Court as to what the
7 claims that are not yet liquidated would be worth.

8 Of course, when you look at that history, it's not
9 simple, its complex, it has many factors in it, there are
10 moving parts to it, and as of the moment we draw the curtain
11 at the petition date, it had trends moving things in various
12 different directions. And the experts have to take account
13 for those moving pieces and those moving trends as they do
14 their estimation because when you look forward to estimate
15 claims, you have to make reasonable assumptions about what
16 would occur had there not be a bankruptcy for Turner & Newall.

17 Now, we're going to put evidence on from people who
18 actually were involved in this settlement process, involved in
19 this litigation process. And, of course, as we are all aware,
20 there has been a fair amount of publicity about asbestos and a
21 fair amount of criticism has been made about asbestos largely
22 by people who were not involved in the tort system who have
23 said things like you can't use the tort system to measure
24 things because the tort system is broken, the asbestos cases
25 weren't resolved fairly. And we read that in the newspapers,

1 we hear that trumpeted in the halls of the Congress. But what
2 we ask the Court to do is to listen to the evidence from the
3 people who actually participated in the process, who I assure
4 you will explain that Turner & Newall was able to resolve its
5 claims in what it regarded as most favorable an environment as
6 it could develop given the evidence that existed against it.

7 Our evidence will come through a series of witnesses.
8 Our first witness on our direct case, we may have some short
9 rebuttal thereafter, but our direct case, our first witness
10 will be Paul Hanly. Mr. Hanly, who is a lawyer and an
11 experienced trial lawyer by training and experience, was the
12 principal lawyer in the tort system for Turner & Newall since
13 some time in the nineteen-eighties. And he will be able to
14 describe to the Court the entire history of Turner & Newell's
15 tort system affairs in the United States from the time he took
16 on the role back in the nineteen-eighties until the time
17 Turner & Newall went into Chapter 11 with Federal-Mogul.

18 He will describe the many ways and methodologies that
19 Turner & Newall adopted, its joinder in the Asbestos Claims
20 Facility, its joinder in the CCR, the attempt to resolve
21 matters through the Georgine settlement, the class action that
22 ultimately was reversed by the Third Circuit and the Supreme
23 Court, the post-Georgine environment, the post CCR environment
24 that existed briefly before the Chapter 11 proceeding was
25 filed. He will describe to you how all of the various factors

1 that people have mentioned that are wrong with the tort
2 system, the biased B Readers, the consolidations, the punitive
3 damages, all of these issues; how these issues did, in fact,
4 play a role in Turner & Newell's resolution history or did not
5 play a role in that history. So that we hope he will assure
6 the Court that the record that exists for Turner & Newall is a
7 fair one and a complete one on which an estimation can be
8 made.

9 We will next present his counterpart in England,
10 Andrea Crichton, who had the effectively the same role as he
11 did except with respect to the case being brought against
12 Turner & Newall in England. She will describe what the nature
13 of the claims were that were resolved there, how that process
14 worked and what the results were and how that data also is in
15 this data base on which our estimates and our experts are
16 opining.

17 You will have testimony also by deposition transcript
18 from Bill Hanlon. Mr. Hanlon is a lawyer and he and his firm
19 were counsel for the CCR. That was a group of, I don't know
20 if your Honor is familiar with the CCR, it was a collection of
21 defendants that they put together among themselves in an
22 effort to minimize their costs, get some group bargaining
23 power and resolve cases that way against plaintiffs and
24 Mr. Hanlon will describe how, as will Mr. Hanly, how that
25 process worked, how it served to reduce the expenses of the

1 group as a whole, and how it made every attempt to allocate
2 the costs of the exercise and the costs of the settlements
3 fairly among the various members, reflecting their fair share
4 of the liability.

5 In all of these cases, what these records show is not
6 the absolute tort system joint liability for claims, but
7 rather the settlement share that in each case Turner & Newall
8 paid, whether in the United States or in England.

9 After Mr. Hanly, Ms. Crichton and Mr. Hanlon's
10 testimony, and as I said, Mr. Hanlon will be deposition
11 transcript that's been designated -- and we are assuming that
12 your Honor will not want us to sit here and read it to you,
13 but I assume you will just want us to give it to you marked.
14 After that, we will present Dr. Laura Welch. She's a well
15 known occupational and internal medicine doctor and teacher.
16 She will describe for the Court what the nature of the various
17 asbestos related diseases are, how they are diagnosed, that
18 many of the issues that are raised are irrelevant to the
19 diagnosis of asbestos disease, and she will talk a bit about
20 this well blown-up issue of the so-called unimpaired claims,
21 which you'll hear a great deal about in the testimony.

22 After Dr. Welch, we'll present Barbara Dohmann, who is
23 a well known, at least in England, Queens Counsel, experienced
24 in issues of choice of law, commercial choice of law, tort
25 choice of law. And she will describe for the Court what in

1 her opinion will be the applicable English law that will apply
2 to these claims, if and when they are again disputed, if they
3 are disputed in England. And she will explain what the
4 underlying facts are that the English Court will look to in
5 determining those issues so that we can, as I said before,
6 ensure that we have those facts in the record here.

7 At that point, we will present Dr. Mark Peterson,
8 he's an experienced and well known expert in this field, and
9 he will present his estimation of the asbestos liabilities,
10 present and future, facing Turner & Newall. I don't intend to
11 spend a great deal of time describing his methodology, I'll
12 leave that for him to do when he testifies, but basically he
13 has to do two things. He has to come to a conclusion about
14 what the value of the claims was as of the petition date and
15 what trends might exist in those values as of the petition
16 date so that he can take that value in dollars or in pounds,
17 as the case may be, for the U.S. or English claims and apply
18 that to the existing claims. He then has to estimate the
19 projection of future claims that will arise, apply those
20 values again to those future claims with whatever changes he
21 might see occurring in the values, and then, of course,
22 discount back to present value as of the petition date this
23 sum of the future claims. He will present two estimates, one
24 based upon his preferred view that as of the petition date,
25 the claims in the United States, the propensity to sue Turner

1 & Newall in the United States was increasing and continuing to
2 increase.

3 And his second, and less favorite estimation, will be
4 based upon assuming there will be no increase in propensity to
5 sue. Propensity to sue is, of course, a way of saying that in
6 no circumstance does everybody that has a right to file a
7 claim bring one.

8 What we can do, as Dr. Peterson will explain, is he can
9 project for you, based upon epidemiological formulas that have
10 proven remarkably valid for over 20 years, what the curve of
11 incidents will be of mesothelioma over the next 30 years. And
12 we're about at the top of the curve and it's beginning to
13 decrease. Now, within the that curve, that's everybody that
14 dies from mesothelioma. Not everyone that dies from
15 mesothelioma will sue and not everyone that sues will sue
16 Turner & Newall, because to sue Turner & Newall, the
17 mesothelioma has to be in some part at least caused by
18 exposure to some product for which Turner & Newall has
19 responsibility.

20 Now, what he will demonstrate to the Court is that if
21 the incidents curve is up here, what was going on in the tort
22 system was more and more people were, indeed, bringing
23 lawsuits against Turner & Newall, the propensity to sue was
24 increasing, still, of course, below the total. And the
25 question then becomes how does that curve then marry the

1 decreasing incidents curve? And you'll hear from Dr.
2 Peterson, he believes that there was, as of the petition date,
3 a continuing increase in the propensity to sue that would
4 exist. And based upon that calibration, his estimate of the
5 U.S. claims present value as of the petition date against
6 Turner & Newall would be 11 billion. The English claims,
7 looking at the same data, he did not believe they were
8 increasing in propensity to sue in England as of that time and
9 his estimate of the English claims is 400 million dollars, so
10 that the total estimate based on this calibration is 11.4
11 billion dollars. His no increasing model, which he believes
12 is likely to be less accurate and probably, as he will say,
13 another projection that proved to be too low, because every
14 time a projection has been made, historically in asbestos
15 cases they've proven to be too low, would be that the U.S.
16 claims would be 8.2 billion dollars, the English claims would
17 remain at 400 million dollars, so that the total would be 8.6
18 billion dollars. And that will be the end of our direct case.

19 As far as we know, there is no serious evidentiary
20 contradiction to what Mr. Hanley, Ms. Crichton, and Mr.
21 Hanlon are going to say. But there's, of course, a major
22 dispute with the property damage constituency of how you take
23 the same database and how you estimate from it what the
24 liabilities are present and future.

25 They will present Dr. Robin Cantor, I will save for

1 closing and for cross-examination what we might have to say on
2 the specific issues that deal with Dr. Cantor, but we would
3 point out in passing that she's never done this before. She
4 uses a method that was never adopted anywhere before. And
5 basically by predicting a future claim starting with 40
6 percent fewer and the year after the petition was filed then
7 were filed the year before, and using values that were some 55
8 percent lower than what had been being paid the year before
9 the petition was filed, she comes to -- she takes what is
10 basically the same 8.2 billion dollar figure and brings it
11 down to something like 2 billion dollars. We don't believe
12 that there's any merit to that approach and we will, of
13 course, direct that towards the evidence and in whatever
14 rebuttal we have

15 That's, I believe, what the case will be and how we
16 will present it.

17 Thank you for your attention

18 THE COURT: Thank you.

19 MR. KESSLER: May I proceed, your Honor?

20 THE COURT: Yes, you may.

21 MR. KESSLER: Good morning, again. Michael Kessler
22 from Weil, Gotshal & Manges. And I would like to divide the
23 Property Damage Committee's opening argument between myself
24 and my colleague Mr. Adam Storchak.

25 You will hear at the outset of my argument what may

1 sound like a lot of agreement with Mr. Inselbuch. I assure
2 you as we get along, you'll hear about the disagreements as
3 well.

4 Your Honor --

5 THE COURT: I guess that's why we're here.

6 MR. KESSLER: Your Honor, I ask that we not lose
7 sight of the fact that this is a bankruptcy case. We are here
8 to estimate the aggregate allowed amount of the asbestos
9 claims in a bankruptcy and pursuant to Section 502(c) of the
10 Bankruptcy Code. Section 502(c) requires mandates that the
11 allowed amount of contingent or unliquidated claims be
12 estimated by the court when a traditional full blown trial to
13 determine the allowed amount would unduly delay the
14 administration of the estate. Now, the allowance or the
15 allowed amount of claims is the bankruptcy term for the full
16 amount or 100 percent of the creditor's claim in the
17 bankruptcy. So by way of example, if a creditor in the
18 bankruptcy had a note owing by the debtor for \$100, his
19 allowed claim there in bankruptcy would be \$100.

20 It's important that we distinguish this allowed amount
21 from the distribution amount. The distribution amount is the
22 amount that will be paid in the bankruptcy case on the allowed
23 claim. So if the bankruptcy case, for example, provided that
24 unsecured creditors will be paid 10 percent on their claim,
25 the distribution amount would be 10 percent, and that

1 hypothetical creditor who I just described who has an allowed
2 claim of \$100 would be paid \$10 as the distribution amount.

3 Now, this is significant because you, your Honor, are
4 being asked to determine, to estimate just the allowed amount,
5 the aggregate allowed amount of the asbestos claims in their
6 total. You're not being asked to estimate, and you will not
7 be asked to estimate, the distribution amount on these claims.
8 The distribution amount will be determined at a later date
9 after the bankruptcy is over in a trust that will be set up
10 under the bankruptcy and will never come before this Court.

11 Now, the case law provides that an estimation under
12 Section 502(c), the bankruptcy court, in this case the
13 district court, has a wide degree of discretion in deciding
14 how to estimate. In a variety of cases dealing with different
15 types of claims to be estimated, courts have estimated based
16 on the pleadings, courts have estimated in other cases based
17 on oral argument of counsel, courts have estimated on
18 declarations of witnesses, submission of depositions and mini
19 trials. We don't have any disagreement in this case about how
20 the estimation should be conducted, the procedure for the
21 estimate. Indeed, your Honor adopted the procedure that was
22 proposed by all parties and has been used in asbestos cases
23 throughout this country for many years. The point, and the
24 key point, is that you're being asked to estimate just the
25 aggregate amount, the total amount of the allowed claims.

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1 You're not being asked to estimate the allowed amount of any
2 individual claim and you're certainly not being asked to
3 estimate the distribution amount of any individual claim, how
4 much any individual asbestos claimant will ever receive out of
5 this bankruptcy.

6 Now, notwithstanding our agreement on the procedure and
7 what it is we're estimating, the parties disagree widely on
8 the components that should be used by the Court to come up
9 with the estimation. We disagree on a number of other
10 substantive issues, and my colleague Adam Stochak will focus
11 in his piece of the opening argument on those disagreements.
12 I would like to focus on why it's so important, so significant
13 that the non-asbestos unsecured creditors receive as
14 accurately as possible a reasonable estimate of the aggregate
15 amount of asbestos claims.

16 The Court may ask and wonder why do we care how much
17 the asbestos claims get? Why do the non-asbestos creditors
18 care if you estimate the asbestos claims to be 10 billion
19 dollars or 2 billion dollars? Well, I want to emphasize, and
20 I'm going to go through this entire analysis, the debtors have
21 taken no position in this estimation. The debtors have not
22 said that they prefer 10 billion dollars, 5 billion dollars or
23 2 billion dollar. They are a co-proponent of the plan but
24 they are taking no position. Why? There's little in this
25 fight for the debtors because the debtors are insolvent and

1 all the equity will go to the creditors under the plan. The
2 debtors are ambivalent if one creditor gets more or less than
3 another, they totally don't care. They just want to get out
4 of bankruptcy and have the equity distributed to the new
5 shareholders and reorganized into a new company .

6 Now, your Honor, if I may, I would like to put up on
7 the screen a couple of demonstrative exhibits.

8 The plan of reorganization in this case provides that
9 the asbestos claims will be paid pursuant to a Bankruptcy Code
10 Section 524(g) trust. Section 524(g) of the Bankruptcy Code
11 requires that in order for that section to apply, the asbestos
12 claims received into the trust at least 50.1 percent of the
13 equity of the reorganized company, that's a requirement of
14 that section of the trust. And that section of the trust is
15 particularly necessary in asbestos claims because it provides
16 the injunction against suits in the future by the future
17 plaintiffs.

18 In the plan proposed by the plan proponents in this
19 case, 50.1 percent, for simplification purposes let me just
20 refer to it as 50 percent, of the equity of the reorganized
21 debtor will be transferred into this trust. Now, for purposes
22 of my discussion or my argument, let's just assume that the 50
23 percent of the equity that will be transferred to this trust
24 is worth 1 billion dollars. That's actually not far from the
25 appraised value that they describe in their disclosure

1 statement.

2 Now, let's assume that the Court estimates the allowed
3 amount of all asbestos claims present and future at 10 billion
4 dollars, close to the 11.4 billion that they're asking. In
5 this hypothetical example, the trust will receive 1 billion
6 dollars in equity and it will have against it an estimated
7 aggregate amount of claims of 10 billion dollars. In a
8 perfect world, and if asbestos claims are later proved to the
9 trustee of that trust to aggregate claim by claim and add up
10 to exactly 10 billion dollars, everyone will get 10 cents on
11 the dollar or 1/10 of their claim as the distribution amount.
12 They will have 1 billion in equity, they'll have 10 billion in
13 claims, they'll each get a distribution amount out of the
14 trust of 1/10 or 10 percent.

15 Now, if the Court estimates instead the aggregate
16 amount of asbestos claims at 2 billion, what then happens?
17 The trust still gets 1 billion dollars of equity. The
18 asbestos claims have now been estimated at 2 billion dollars.
19 If all the claims are then later proved to the trust and
20 aggregate exactly as the Court estimated, 2 billion dollars,
21 each of the asbestos claimants will get 50 percent on their
22 claim, 1 billion of equity over 2 billion in claims. Now
23 they're still getting to whack up the same billion dollars of
24 equity, it's just optics at this point as to whether they're
25 getting 10 cents on the dollar or 50 cents on the dollar,

1 they're still getting 1 billion dollars divided up among all
2 of them.

3 Why is it important in this case we get the right
4 estimates, they're still going to get the same 1 billion
5 dollars whether you determine 1 billion or 10 billion? If you
6 can put up chart No. 4, please. The reason is that the plan
7 provides, as you see up here in Section 1.1.147, the
8 Distribution Ratio 1, all that legalese means, what we have on
9 the right-hand side, the equal side, the value of the equity
10 to be deposited in the asbestos trust. By my example, 1
11 billion dollars divided by the aggregate estimated asbestos
12 claimants, by my example 10 billion dollars, would be 1/10 or
13 2 billion dollars would be one half, that's the ratio that
14 will be paid to all other creditors, to other unsecured
15 creditors in this case because the Bankruptcy Code says that
16 creditors who are of equal parity in a bankruptcy must receive
17 the same value on their claims. The Bankruptcy Code doesn't
18 say that they have to get the same script, they don't have to
19 get the same payment, but they have to get approximately the
20 same value.

21 There's certain exceptions to that rule, but the
22 exceptions aren't important here. So what they said in their
23 plan is that asbestos will get 1 billion dollars of equity,
24 you divide that by the estimated amount of their claims and
25 that same ratio will be given to the other, to other unsecured

1 creditors in the case. So if you estimate the aggregated
2 estimated asbestos claimants at 10 billion dollars, my
3 clients, the Property Damage plaintiffs who are not in the
4 trust, and other unsecured creditors, will get 10 cents on the
5 dollar or 1/10 of their claim as the distribution amount. If
6 you estimate the asbestos claims at 2 billion dollars, we will
7 get 50 cents or 50 percent of our claim. They will get the
8 same -- they will get the same 1 billion dollars to divide up
9 among themselves.

10 So that's the first reason why it's so important to us
11 that your Honor come up with as reasonable and practicable as
12 possible the right estimation amount.

13 Now, my explanation of the second reason why the
14 correct estimate is so vitally important really exposes the
15 cunning of this plan. Key point here is the asbestos trust,
16 once funded, will distribute all of its value to the asbestos
17 plaintiffs present and future. There's no provision in the
18 trust to give anything back if your Honor over-estimates.

19 So how does that impact us? Let's go back to my simple
20 example again. If you estimate the aggregate amount of
21 asbestos claims at 10 billion dollars, they have 1 billion in
22 equity, they divide by 10 billion dollars, they get 10 percent
23 return on their claims. As I mentioned earlier, in the
24 perfect world over the next 20 or 30 years, if they all come
25 in and prove their claims up to the trustee and it's aggregate

1 10 billion dollars, your Honor did the perfect job, and they
2 all get 10 cents on their claim and we get 10 cents on their
3 claim.

4 But what happens if your Honor makes a mistake, what
5 happens if you estimate 10 billion dollars but, in fact, over
6 the next 20 or 30 years only 2 billion dollars is proved up to
7 the trustee of the trust? Well, first thing that happens is
8 that when your Honor estimates 10 billion dollars, the ratio
9 is 1 over 10 and the plan provides that on the effective date
10 of the plan, 1/10 or 10 percent in cash will be paid to our
11 class and certain other unsecured creditors. The trust will
12 get the 1 billion dollars and over time the asbestos claimants
13 will prove up their claims to the trustee in the class. Under
14 my hypothetical, if your Honor made a mistake and there's not
15 10 billion in claims but they only prove up 2 billion in the
16 trust, the trustee of the trust will have been paying out 10
17 cents on the dollar because your Honor estimated 10 billion at
18 the beginning and at the end of of time 10 cents on the dollar
19 with only 2 billion dollars proved up will only provide for
20 200 million of the 1 billion dollars in the trust to be paid
21 out to asbestos claimants, there's 800 million dollars left
22 over.

23 What happens to it? It doesn't come back to the
24 bankruptcy estate because the bankruptcy estate was closed 20
25 years before. It doesn't come back to my clients because my